

## **2023 Budget Message**

In accordance with the provisions of our Home Rule Charter, Article 9, Section 903, as Mayor I present to you, City Council and residents of the City of Reading our proposed budget and municipal service plan for the 2023 fiscal year. This budget includes our five year operating plan and 2023 Capital Improvement Program. This budget is a reflection of post-Act 47, and post-pandemic operations here in the City and will enable us to chart a new course for our fine City as we Build a Better Reading Together.

### **My proposed 2023 budget keeps tax rates unchanged from that of 2022.**

After removing self-imposed constraints observed during the pandemic, and due to loss projections which did not quite materialize, this budget seeks to produce over \$98 million in revenue with minimal use of fund balance to cover an anticipated \$100.7 million in general fund expenditures. The City has experienced very strong collections across all major revenues; especially real estate transfer tax, a rebound in earned income tax and a modest increase in the sewer transfer will enable us to implement this ambitious budget plan.

Our City also benefits from the significant infusion of federal funding from the Coronavirus State and Local Fiscal Recovery Fund (SLFRF), the second allotment of the total of \$61,134,970 was received in June of 2022. To date we have spent or committed almost half of the funding toward legacy building, infrastructure and sustainable projects that meet the needs of our diverse community and provide a fresh infusion of resources to our nonprofits and small businesses. We look forward to opening the doors of the new 9<sup>th</sup> & Marion Fire Station, ground has already broken on the significant renovations at our First Energy Stadium and we have completed the first part of a multi-phase park and playground upgrade at all of our facilities. What started with slides, swings and [basketball] nets will expand to court resurfacing, pavilion roof replacements and an increase in all-abilities inclusive playground equipment.

## **Fiscal Landscape**

The transition out of the Municipal Financial Recovery Program, also known as Act 47 has been mostly seamless for the City. From a financial standpoint, the recently completed 2021 audit shows the City in a strong financial position with \$33.5 million in unassigned fund balance reserves, far exceeding the policy adopted under Act 47 to maintain at least \$22 million or 20% of the general fund held in reserve, whichever is greater. Savings from unspent wages and better than average number of property sales produced \$6.4 million in surplus for the 2021 fiscal year. The City has not incurred any additional debt nor do we anticipate the need for borrowing in 2023, to the contrary we are on track to retire all current debt service in 2033.

In 2023 the City will experience the first year without the ability to levy the commuter tax which was used to fund capital improvements while under the Act 47 program. Those commuter tax revenues provided much needed financial resources that have enabled us to tackle decades of deferred maintenance and capital improvement projects. In order to ensure progress is not lost, it would be helpful for the Administration and Council to come to agreement on dedicating a percentage of future general fund (GF) surpluses to the Capital Reserve fund.

Aside from debt service and operating expenses; salaries, pension and benefits are our highest expenditure drivers. All four bargaining contracts are up for negotiation, we do not expect this trend to abate, the reality of national and local hiring trends is forcing us to be more nimble, flexible, and to think outside of the box. A focus on new recruitment and retention must be a priority after sustaining an above average number of vacancies across all departments through the majority of 2022. We are bringing new terms into our vocabulary as we budget and plan for 2023. Among those terms and in an effort to position us to be more competitive in the hiring space, we must consider private industry norms like “new hire bonuses” as we try to get qualified candidates in the door. In lieu of longevity we should consider a retention bonus based on interval years of service to our non-uniform employees. Of course there will be terms and conditions, these thoughts and more I look forward to deliberating with City Council as policy before the final budget is adopted.

My Administration is focused on delivering results based on an ambitious agenda that was set forth in my inauguration. In charting our future I would like to invoke President Biden's recent declaration of the end to the pandemic. As we come out on the other side we mourn our losses and re-dedicate ourselves to producing safe streets and safe neighborhoods – investing in competitive wages for our officers & firefighters will help us do just that. Education and workforce development – we continue to secure federal grants that help us meet the needs of our diverse and ever changing workforce. Remediating and abating lead from our homes and advancing health literacy across our population will help us do just that. The more than \$5 Million in ARPA funding that our City Council has committed to our nonprofits and community based organizations will advance their development and the new housing stock being added along with multiple other projects in the works are tangible proof that we are pursuing economic development without displacing our residents. These efforts would all be for naught without responsible leadership. That leadership comes from a partnership, a synergy that exists between our elected and appointed officials as well as our Boards, Authorities and Commissions. Together we will continue to achieve great things, produce tangible results for our residents and Build this Better Reading Together.

Finally, I would like to take a moment to thank our staff who worked very diligently to prepare and deliver this budget on time. I appreciate your consideration in approving this budget.

Thank you,  
Eddie Moran  
Mayor